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APRIL 7, 1999

LESSEE'S PARTICULAR ATTENTION IS  
CALLED TO ARTICLE VII OF THIS LEASE

5/055/018

DSL&F FORM

PROOF READ DLG

MINERAL LEASE NO. 48081

MINERAL LEASE APPLICATION NO. 48081

GRANT: SCH

UTAH STATE LEASE FOR  
METALLIFEROUS MINERALS

THIS UTAH STATE MINERAL LEASE AND AGREEMENT entered into and executed in duplicate as of the 30th day of September, 19 98, by and between the STATE OF UTAH, acting by and through the SCHOOL AND INSTITUTIONAL TRUST LANDS ADMINISTRATION, with the office located at 675 East 500 South, Suite 500, Salt Lake City, Utah 84102-2818, hereinafter called the "LESSOR," and

Richard D. Coleman  
1989 South Broadway  
P.O. Box 55131- (81505)  
Grand Junction, CO 81503

(whether one or more individuals, corporation, or other entities) with business office or address as shown above, hereinafter called the "LESSEE,"

WITNESSETH:

That the State of Utah as Lessor, for and in consideration of the fees, rents, royalties, and any other financial consideration paid or required to be paid by Lessee, and the terms and conditions to be performed by Lessee as hereinafter set forth, does hereby GRANT AND LEASE to the Lessee the exclusive right and privilege to explore for, drill for, mine, remove, and dispose of the particular mineral or minerals described in Article I hereof, hereinafter called the "leased substances," situated within the boundaries of the following-described tract of land (extending vertically downward from the surface) in Wayne County, State of Utah, to-wit:

Township 29 South, Range 3 East, SLB&M.  
Section 32: All

containing 640.00 acres, more or less.

This Mineral Lease is granted for and in consideration of and subject to all of the terms, provisions, and conditions hereinafter set forth:

## ARTICLE I. MINERALS COVERED BY THIS LEASE

This Mineral Lease covers the following-described leased mineral substances with the boundaries of the above-described lands, to-wit:

### METALLIFEROUS MINERALS

"Metalliferous Minerals" are herein defined to include any ore containing any of the following minerals: Aluminum, Antimony, Arsenic, Beryllium, Bismuth, Cadmium, Chromium, Cesium, Columbium, Cobalt, Copper, Flourspar, Gallium, Gold, Germanium, Hafium, Iron, Indium, Lead, Mercury, Manganese, Molybdenum, Nickel, Platinum, Group Metals, Radium, Selenium, Scandium, Silver, Rare Earth Metals, Rhenium, Tantalum, Tin, Thorium, Tungsten, Thallium, Tellurium, Vanadium, Uranium, Zinc, together with other minerals which are found in association with said specified minerals in such a manner that they cannot be mined separately.

In the event Lessee, or the operator or any contractor for Lessee, shall discover within said lands some mineral or minerals other than the mineral or leased substances covered by this lease, Lessee shall promptly notify the Lessor of the kind or nature of such mineral or minerals not included in this lease.

## ARTICLE II. PRIMARY TERM AND POSSIBLE EXTENSION OF TERM OF LEASE

This lease is granted for a primary term of TEN (10) years commencing on the first day of the month following the date hereinabove first written and as long thereafter as the leased substances shall be produced in commercial quantities from the above-described lands, on condition that Lessee shall perform the terms and provisions required to be performed by Lessee including payment of rents and royalties within the times required herein; provided however, that it is expressly agreed that at the end of each period of ten (10) years following the effective date of this lease, the State of Utah as Lessor shall have the right to readjust the terms and conditions of this lease as may then be determined to be in the best interest of the State of Utah as trustee owner of the mineral estate. In the event of failure or refusal of the Lessee to accept and agree to the readjustment of the terms and conditions submitted by Lessor at the end of such ten (10)-year period, such failure or refusal to accept such readjustment of terms, conditions, or royalty shall operate to forfeit any right to extension of the term of this Mineral Lease and terminate this lease except for the rights of the State of Utah to recover any royalties then owing the State and/or any damages for which Lessee may be liable. This lease will not be extended beyond the end of the twentieth year except by the production of the leased substances in commercial quantities from the leased lands. If Lessee ceases production of leased substances in commercial quantities this lease will terminate one (1) year from the date of last commercial production, unless Lessee commences commercial production at least three (3) months prior to the end of such year and such commercial production then continues for at least six (6) months.

## ARTICLE III. APPLICABLE LAWS AND REGULATIONS

This lease is issued pursuant to the provisions of Title 53C, Utah Code Annotated, 1953, as amended, and subject to all valid Rules and Regulations and requirements adopted by the School and Institutional Trust Lands

Administration, and of the Board of Oil, Gas, and Mining, applicable to the subject matter of this lease, together with all requirements of the Utah Mined Land Reclamation Act, all requirements of the State Antiquities Act, Title 9, Chapter 8, and all valid rules and regulations relating to safety, sanitation, and health whether under the jurisdiction of the Division of Oil, Gas, and Mining with respect to operations under this lease or under the jurisdiction of some other State agency.

#### ARTICLE IV. RIGHTS TO THE SURFACE ESTATE

If the surface estate of all or some portion of the hereinabove-described lands is owned by the Lessor, Lessee shall be entitled to use reasonably and prudently such portions of the surface estate owned by Lessor as shall be reasonably necessary to explore and prospect for, mine, drill, remove, and dispose of the leased mineral substances, including permission to establish and maintain in a safe condition on the surface estate owned by Lessor, access roads, communication lines, tanks, pipelines, reservoirs, mills, processing plants, reduction works, dumps, and other essential structures, facilities, machinery, and equipment, reasonably necessary and expedient for the economic operation of the leasehold and in furtherance of production, treatment, and disposition of the leased substances under this lease. Such surface uses shall be exercised subject to the rights reserved to the State of Utah as provided in Article V hereof, and without unreasonable interference with the rights of any prior or subsequent lessee of the State of Utah under the program of multiple use.

If the surface estate of any portion of the described lands is not owned by the State of Utah, except for a reserved right of entry to the mineral estate or mineral estates, the Lessee may exercise such right of entry to the mineral estate covered by this lease, at the sole cost and expense of Lessee herein and without cost to the State of Utah. If any damage is caused directly or indirectly to the surface estate by the Lessee or by the contractor or operator for Lessee, Lessee shall make proper restitution and indemnify the surface owner or owners. Lessee also shall make proper rehabilitation as required by the Utah Mined Land Reclamation Act and as required by all lawful rules and regulations adopted thereunder.

Lessor will require a bond to be posted or other security given to the State to be filed with Lessor or any other State agency or officer in a principal amount determined by Lessor to be adequate to assure appropriate reclamation and restitution for any damage to the surface estate.

#### ARTICLE V. EXCEPTIONS AND EXCLUSIONS FROM LEASE

Lessor hereby excepts and reserves from the operation of this lease the following rights and privileges:

FIRST: The right to establish rights of way and easements on, through, or over the land above-described, for utility corridors and for joint or joint and several uses, as may be necessary and appropriate for the management of the above-described lands and other lands of Lessor or lands administered by Lessor, and for the working of other deposits within said lands under mineral leases granted to others under the program of multiple use.

- 4 -

SECOND: The right to issue mineral leases to other lessees covering minerals not included in this lease, under such terms and conditions which will not unreasonably interfere with operations under this lease in accordance with the principle of multiple use provided by law.

THIRD: In the event Lessor owns the surface estate in said lands or portions of said lands above described, Lessor retains the right to use, lease, sell, or otherwise dispose of the surface estate in said lands or any part thereof, under existing State laws or laws subsequently enacted, insofar as such surface is not essential for the Lessee herein in exploration, prospecting for, mining, drilling, removal, or disposal of the leased substances covered by this lease, to the extent that such use, lease, or sale of the surface estate does not unreasonably interfere with the rights granted to the Lessee herein. Lessor shall notify Lessee herein of any such sale, lease, use, or other disposition of the surface estate.

#### ARTICLE VI. PAYMENT OF RENTALS AND ROYALTIES

For and in consideration of the leasehold rights granted to the Lessee, in addition to all other terms and conditions required to be performed by the Lessee, the Lessee hereby covenants and agrees with Lessor to pay rentals and royalties as follows:

FIRST: Lessee agrees to pay Lessor as rental for the land covered by this lease the sum of One Dollar (\$1.00) per acre and for each fractional part of an acre, each year in advance on or before the first day of the month following the anniversary date of this lease, except the rental for the first year which has been paid with the application for this lease. All rentals paid shall be credited against actual Production Royalties for the lease year in which they shall accrue, but such rentals shall not be credited against the Minimum Royalties under subparagraph "Fourth" of this ARTICLE VI.

SECOND: Lessee shall pay lessor a royalty of eight percent for fissionable metalliferous minerals and four percent for non-fissionable metalliferous minerals. The royalty shall be based on the gross value of the ores produced from the leased lands and sold by the lessee under an arms-length contract, except that if there is not an arms-length contract for the ore the royalty shall be based on the gross value received by the lessee under an arms-length contract for the processed product(s) produced from the leased lands less actual processing and refining costs. Processing and refining deductions will not include mining, administrative, or depreciation costs, or deductions for property taxes. Should the processed products be sold under a non-arms-length contract the royalty shall be based on the amount received under the non-arms-length contract or the fair market value of the products whichever is greater, less the allowable deductions as set forth above.

THIRD: Payment of Production Royalty shall be made by Lessee to Lessor, as herein required, on or before the last day of the month next succeeding the month during which the minerals or leased substances shall have been shipped or sold or used. In connection with such payment of Production Royalty, the Lessee shall submit a certified statement of the production of all leased substances mined or extracted from the hereinabove-described lands, according to the foregoing royalty schedule together with such information required by the School and Institutional Trust Lands Administration to verify production and disposition of mineral substances produced and disposed of from the leased premises.

FOURTH: Lessee may maintain this lease in force beyond the primary term of ten (10) years from the effective date of the lease by paying Lessor, in addition to rentals and production royalties as hereinabove required, an annual minimum royalty of three (3) times the annual rental, providing the lessee is engaged in diligent operations, exploration, research, or development activity which is reasonably calculated to advance development or production of the mineral covered by the lease from the leased premises or lands pooled or unitized with or constituting an approved mining or drilling unit in respect to the leased premises.

Said annual minimum royalty shall be paid each year in advance, commencing with the eleventh year of the lease, along with the regular annual rental required to be paid under the terms of this lease. Said rental per acre and said Minimum Royalty shall be paid on each and every acre in this lease to extend the term of this lease and to keep this lease in force and effect.

Rentals and Minimum Royalties paid annually shall be credited against actual Production Royalties for the year in which they accrue during the original term, or any extension thereof; but annual rentals shall not be credited against Minimum Royalties.

#### ARTICLE VII. MINERAL TITLE OF LESSOR

Lessor claims title to the mineral estate covered by this lease. Lessor does not warrant title nor represent that no one will dispute the title asserted by Lessor. It is expressly agreed that Lessor shall not be liable to Lessee for any alleged deficiency in title to the mineral estate, nor shall Lessee or any assigns of the Lessee become entitled to any refund for any rentals, bonuses, or royalties paid under this lease.

#### ARTICLE VIII. WATER RIGHTS

In the event Lessee shall initiate any water rights on the leased premises, such right shall become an appurtenance to the leased premises; and upon surrender, cancellation, or termination of this lease, Lessee or assigns of Lessee shall assign and convey such water rights and any application for appropriation of water to beneficial use relating to the land or the mineral estate covered by this lease to Lessor.

If the Lessee shall purchase or otherwise acquire any water rights on some other land and file with the State Engineer appropriate application for change of use onto the premises covered by this lease, the Lessor herein shall have an option for 45 days after the expiration, surrender, or termination of this lease to purchase said otherwise acquired water rights at the acquisition costs of the Lessee. Such option shall begin to run from the date of termination, surrender, or expiration of this lease or from the date when Lessee shall specify in writing the acquisition costs of such other water rights, whichever date is the later date. Unless Lessor accepts such written offer to convey such rights at the actual acquisition costs within said period of 45 days, Lessor shall be deemed to have rejected the offer. Upon payment of the said acquisition costs by the Lessor, Lessee herein shall assign and transfer such acquired water rights to the Lessor.

#### ARTICLE IX. WRITTEN CONSENT REQUIRED FOR ASSIGNMENT OR SUBLEASE

Lessee shall not assign this lease nor any portion thereof, nor any rights or privileges herein granted, without the prior written consent of Lessor. Nor shall the Lessee issue any sublease without the prior written consent of Lessor. Any assignment of lease and any sublease issued without prior written consent of Lessor shall be void ab initio.

In the event Lessor shall approve an assignment of this lease or of any part hereof, such assignment shall be subject to all of the terms, conditions, and obligations of the Lessee herein set forth. All of the terms, covenants, conditions, and obligations of the Lessee shall be binding upon the heirs, executors, administrators, successors, and assigns of the Lessee. This provision also shall apply to any sublease issued by Lessee and approved by Lessor.

#### ARTICLE X. OVERRIDING ROYALTY LIMITATION

Neither the Lessee nor the assignee of Lessee shall create or grant any overriding royalty except as permitted by law and by the Rules and Regulations of the School and Institutional Trust Lands Administration. Overriding royalty assignments shall not become effective, even if otherwise valid, until filed with the Lessor.

#### ARTICLE XI. SURRENDER OR RELINQUISHMENT OF LEASE

Lessee may surrender this lease for cancellation by Lessor as to all or any part of the leased lands, but not for less than a quarter-quarter section or surveyed lot, upon payment of all rentals, royalties, and other amounts then due and owing to the Lessor, by filing with Lessor a written relinquishment. As to rental, such relinquishment shall be effective on the date of filing, but otherwise on the date of cancellation by the Lessor.

#### ARTICLE XII. NOTICE OF COMMENCEMENT OF OPERATIONS, PLANS, PLATS, BOND

Not less than sixty (60) days before commencement of exploration, drilling, or mining operations, Lessee shall give written notice hereof to the School and Institutional Trust Lands Administration and the Division of Oil, Gas, and Mining, together with a plan of operation and a topographic map showing every proposed shaft, tunnel, open pit, drill site, and access road to be used. Lessor shall make an assessment of such plan of operation and either endorse or stipulate changes in Lessee's plan of operation, or request additional information within the sixty (60) day notification period. Lessee shall not proceed with the execution of any such plan of operation without first receiving the written approval of Lessor. Lessee shall maintain at the mine office clear, accurate, and detailed maps of all actual and planned operations on a scale of not more than 50 feet to the inch, with points coordinated with public land surveys showing distance to the nearest public survey monument or reestablished survey corner. Such maps and plats shall be on tracing cloth or other material which is substantially permanent and of which clear and distinct photo copies or blueprints can be readily made without unreasonable delay. Such maps or plats shall show the workings from time to time, as the same are extended. In the event that the operations on the above-described leasehold are intended to be conducted in conjunction with adjacent lands, whether Federal, State, or privately-owned lands, the map and plats shall clearly show how the operations are to be coordinated. All surveys shall be conducted by a licensed surveyor or engineer qualified to practice in

Utah. All such maps or plats shall be certified by the surveyor or engineer preparing the same. The State or any agency of the State of Utah, including the Division of Oil, Gas, and Mining, shall be entitled to a true and correct copy thereof, together with the proposed plans of operation.

After Lessor receives notice of intent to commence mining operations, upon request of the Lessor, the Lessee shall furnish a bond with an approved corporate surety company authorized to transact business in the State of Utah, or such other security acceptable to the Lessor, in an amount to be determined by Lessor, after taking into account the value of the land and the amount of potential damage which likely will result from such proposed mining operations, and which bond or other security shall be conditioned upon payment of all rentals and royalties from the leasehold and other sums which may become payable to the Lessor, and to assure full compliance with the terms and conditions of this lease and compliance with all Rules and Regulations of the School and Institutional Trust Lands Administration and all Rules and Regulations of any other State agency having jurisdiction over mining operations, and also conditioned upon payment of all damages to the surface and improvements thereon if this lease covers surface estate or some portion of the surface estate which has been sold or otherwise leased, and any damage caused by Lessee to any other lessee of the State of Utah with respect to said land. Such bond or other security furnished prior to commencement of development of the leasehold may be increased in such reasonable amounts as the Lessor may require after discovery of any of the leased substances.

If the plan of mining development or mining operations includes core-drilling, the plan of operations shall disclose the locations of core-drilling operations.

#### ARTICLE XIII. ALL OPERATIONS TO BE CONDUCTED IN A LAWFUL, PRUDENT MANNER

Lessee shall conduct all operations under this lease in a lawful, prudent, and good workmanlike manner for the effective and safe production of the mineral substances covered by this lease, and to avoid unnecessary damage and injury to the leasehold estate, and also to avoid damage and wastage of other natural resources not covered by this lease. All operations of Lessee, whether conducted directly by Lessee or by operators or contractors, shall be at the sole cost and expense of Lessee.

It is expressly covenanted and agreed that Lessor does not grant Lessee or any person dealing with Lessee any right to subject the property hereinabove described, nor any leased substances, to any lien-rights for labor or mechanic's liens, nor to any materialmen's liens, nor to any other lien for any act, omission, neglect, or performance of Lessee or its agents, employees, and contractors. In the event any one shall file any notice or claim of lien against said property or any estate in said property, Lessee shall take all necessary steps expeditiously to have such notice or claim released of record. Lessee shall save Lessor harmless from any and all lien notices and claims against said land arising from any act or neglect of Lessee and any contractor or operator of Lessee in any operations on or relating to the hereinabove described lands.

Lessee shall not fence off or otherwise make inaccessible to livestock lawfully on the surface of said premises any watering place without the written consent of Lessor; provided, that Lessee shall not permit any livestock to come upon any portion of the leasehold to pollute any surface or subsurface water available or capable of being made available for domestic use or irrigation. In the operations of Lessee, Lessee shall comply

with all laws and regulations for control of water which might be encountered or which might seep into any formation, to avoid pollution of surface and underground waters as required by Chapter 11, Title 26, Utah Code Annotated, 1953, as amended. Lessee shall comply with all valid laws and regulations relating to prevention and suppression of fires, make all necessary provisions for sanitary disposal of wastes, and in all operations connected with said leasehold take appropriate measures for protection of human life and prevention of injuries and disease.

#### ARTICLE XIV. RIGHTS OF LESSOR FOR INSPECTIONS OF LEASEHOLD AND RECORDS

Lessor, its officers, and agents have the right at all reasonable times to enter upon the leased lands and premises to inspect the conditions of the leasehold, the work done under the terms of this lease, and the production obtained from the leasehold, such entry and inspections to be done in such a manner as shall not unreasonably interfere with the lawful operations by the Lessee in performance of the terms and conditions of this lease.

Lessor also shall have the right to examine all books and records pertaining to operations under this lease whether such books and records are located within a building on the leased premises or located in an office elsewhere and to make copies and abstracts of such records if desired by Lessor. Lessor, its officers, and agents shall have the right to post upon or within the leasehold such notices deemed proper or expedient by Lessor.

If Lessee maintains an office in another State or in a foreign country, Lessee nevertheless shall maintain within the State of Utah proper and adequate records relating to operations on this leasehold and also relating to production of leased substances and payment of rentals and royalties. Lessee also shall have a resident agent in the State of Utah to whom any and all notices may be sent by Lessor and on whom process may be served. In the event of any change in the address of Lessee's office in the State of Utah, Lessee shall promptly furnish Lessor with written notice of such change of address within the State of Utah. Examinations of records of Lessee by the Lessor shall be conducted at reasonable times.

In the event Lessee conducts core-drilling operations within the leasehold, or by directional drilling from adjacent land, Lessor shall have a right of inspection of core samples and any analysis made thereof and any assay; provided, that any report obtained by Lessor of any core-drilling operations may be declared confidential information by Lessee, in which event Lessor shall keep such information in a separate confidential information file. Such information shall not be disclosed to any competitor nor to any one except to a representative of the Attorney General of the State of Utah until Lessee waives confidentiality or upon surrender, expiration, or termination of this lease.

After completion of any core drilling, Lessee shall notify Lessor; and Lessee shall cause all core holes to be plugged or sealed as expeditiously as possible after the need for keeping such core holes unplugged ceases, in accordance with regulations and requirements of the Division of Oil, Gas, and Mining.



**ARTICLE XV. OPERATIONS IN CONJUNCTION WITH MINING ON OTHER LANDS**

In the event Lessee, in the interest of economy in mining operations, desires to conduct mining operations on or within the above-described lands in conjunction with mining operations on or within any adjacent Federal, State, or privately-owned land by utilization of shafts, inclines, or tunnels within either the above-described lands or within adjacent lands, Lessee shall make application in writing to the School and Institutional Trust Lands Administration and submit with such application a detailed plan of operations illustrating how leased substances mined from the above-described lands can and will be mined, segregated, and separately accounted for from leased substances mined from some adjacent land. No such operations shall be conducted without written approval of the School and Institutional Trust Lands Administration. Any approval granted by the School and Institutional Trust Lands Administration shall be conditioned upon proper segregation and proper accounting and record keeping of leased substances mined from each property. Separate records shall be required for accounting for leased substances mined from the above-described lands.

In the event Lessee desires to process or mill leased substances from the above-described land in conjunction with processing or milling of leased substances from adjacent or some other lands, whether such processing or milling is intended to be performed on the above-described land or on some other land, Lessee shall submit to the School and Institutional Trust Lands Administration a written application detailing how the leased substances mined from the above-described lands shall be segregated and separately accounted for in computation of royalty payments from leased substances mined from other lands. Any School and Institutional Trust Lands Administration approval for any such arrangements shall be conditioned upon segregation of leased substances produced from the above-described lands from mineral substances produced from other lands with adequate safeguards to assure proper accounting for determination of royalty.

If application is granted for either type of operation or for both, all procedures for either production or milling of minerals shall be subjected to examination by the School and Institutional Trust Lands Administration and by the Division of Oil, Gas, and Mining to determine whether either type of arrangement functions satisfactorily without detriment to the State of Utah. If such inspection results in an adverse report with recommendations for modification or discontinuance of such operations, a copy of the report with recommendations shall be submitted as expeditiously as possible to the Lessee. If any objectionable condition is not promptly remedied to safeguard the rights of the State as Lessor, the School and Institutional Trust Lands Administration shall have the right to order discontinuance of such arrangement; and failure to comply with such order of the School and Institutional Trust Lands Administration shall constitute a breach of this Lease Agreement.

**ARTICLE XVI. SPECIAL REQUIREMENTS IN EVENT OF STRIP-MINING**


In the event Lessee desires to conduct any strip-mining or open-pit mining or operations which will materially disturb the surface of the above-described lands or some portion thereof, at least sixty (60) days before commencing such type of mining activities, Lessee shall submit to the School and Institutional Trust Lands Administration the proposed plan of operations together with a proposed plan of surface rehabilitation in compliance with the Utah Mined Land Reclamation Act and in compliance with the Rules and Regulations adopted thereunder. A copy of such proposed plan of operations and proposed plan of surface rehabilitation also

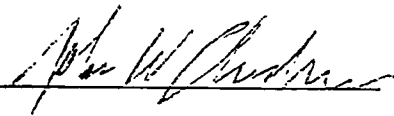
IN WITNESS WHEREOF, the parties have executed this lease as of the date hereinabove first written.

THE STATE OF UTAH, acting by and through the SCHOOL  
AND INSTITUTIONAL TRUST LANDS ADMINISTRATION

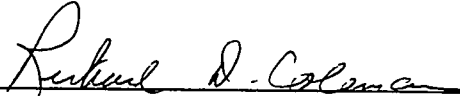
DAVID T. TERRY, DIRECTOR

APPROVED AS TO FORM  
JAN GRAHAM  
ATTORNEY GENERAL

By   
JAMES D. COOPER, ASSISTANT DIRECTOR/MINERALS  
School & Institutional Trust Lands Administration - LESSOR

By 

Form Approved: August 15, 1996

  
LESSEE

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STATE OF UTAH )  
COUNTY OF SALT LAKE )

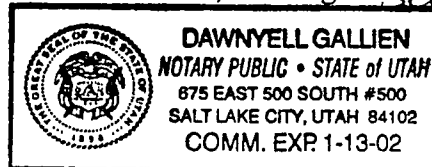
On the 1st day of December, 19 98, personally appeared before me JAMES D. COOPER, who being by me duly sworn did say that he is the Assistant Director/Minerals of the School and Institutional Trust Lands Administration of the State of Utah and the signer of the above instrument, who duly acknowledged that he executed the same.

Given under my hand and seal this 1st day of December, 19 98.

Dawniyell Gallien  
NOTARY PUBLIC, residing at: SLC, UT

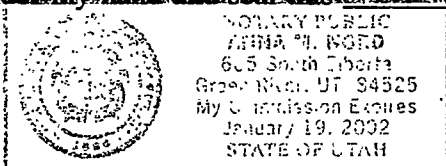
My Commission Expires:

STATE OF UTAH )  
COUNTY OF Emery )



On the 10th day of November, 19 98, personally appeared before me Richard D Coleman, signer of the above instrument, who duly acknowledged to me that he executed the same.

Given under my hand and seal this 10th day of November, 19 98.



Anna M Nord  
NOTARY PUBLIC, residing at: Green River UT.

My Commission Expires: Jan. 19, 2002

STATE OF UTAH )  
COUNTY OF )

On the \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_\_, personally appeared before me \_\_\_\_\_, who being duly sworn did say that he is an officer of \_\_\_\_\_ and that said instrument was signed in behalf of said corporation by resolution of its Board of Directors, and said \_\_\_\_\_ acknowledged to me that said corporation executed the same.

Given under my hand and seal this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_\_.

\_\_\_\_\_  
NOTARY PUBLIC, residing at:

My Commission Expires:



# State of Utah

*School and Institutional*  
TRUST LANDS ADMINISTRATION

Michael O. Leavitt  
Governor

David T. Terry  
Director

675 East 500 South, Suite 500  
Salt Lake City, Utah 84102-2818  
801-538-5100  
801-355-0922 (Fax)

Revised NOV/97

## SCHOOL & INSTITUTIONAL TRUST LANDS ADMINISTRATION NOTICE OF INTENT TO COMMENCE MINERAL EXPLORATION/MINING

**SITLA NOTIFICATION** - At least 60 days prior to the commencement of mineral exploration or mining operations which will disturb the surface or subsurface of state trust lands the mineral lessee or permittee must submit a plan of operation to the School and Institutional Trust Lands Administration. The Trust Lands Administration shall review the plan of operation and advise the lessee or permittee of bonding or other requirements necessary to proceed. Such notification to the Trust Lands Administration is required in addition to notification to the Utah Division of Oil, Gas & Mining or any other government agency. The lessee or permittee may not commence operations upon the trust lands until final approval of the plan of operation is given by the Trust Lands Administration. Such notification to the Trust Lands Administration shall contain the following information, as may apply.

- 1) Name, address and telephone number of the lessee or permittee, and all other operators designated by the lessee or permittee to conduct exploration or mining operations upon the lands. Operators other than the lessee or permittee of record must be designated in writing to the Trust Lands Administration.
- 2) Lease or permit identification number and a description of the mineral commodities to be explored or mined.
- 3) A detailed description of the proposed minerals exploration or mining activity, including:
  - A) Location and description of all water-courses and water bodies to be disturbed.
  - B) Description of types and extent of vegetative cover to be removed or disturbed.
  - C) Plan for the storage and transport of any explosives, chemicals or toxic materials at the site.
  - D) Plan for the storage and disposal of solid and chemical waste and sewage at the site..
  - E) Types and sizes of heavy equipment to be used at the site.
  - F) Location, width, length and surfacing of access roads to be constructed or improved.
  - G) Location, diameter and depth of all bore holes to be drilled.
  - H) Method of mining, i.e. trenching, open pit, room & pillar, long-wall, auger, etc.
  - I) Location, layout and approximate dimension of all cuts, trenches, pits, tunnels or other excavations
  - J) Description of topsoil and plan for removing, storing and protecting topsoil from areas to be disturbed.
  - K) Depth of overburden and plan for storing and disposing of overburden materials.
  - L) Mining depths and heights and plan for storing and handing the leased substances to be mined.
  - M) Plan for measuring, weighing and accounting for the quantity of leased substances mined.
  - N) Plan for ensuring maximum economic recovery and conservation of the mineral resources.
- 4) The following maps must be submitted as part of the plan of operations.
  - A) A U.S.G.S. topographic map at a scale of 1:24,000, or larger, showing the location of i) existing and proposed access roads to the work sites, ii) proposed bore hole sites, and iii) proposed mining sites.
  - B) A site map at a scale of not more than 50 feet to the inch, or such other scale as may be accepted by the Trust Lands Administration, showing the location and layout of i) existing and proposed surface excavations and underground workings, ii) proposed stockpile areas for topsoil, overburden and mined ore, iii) explosives, chemical and waste storage and disposal areas, iv) ore processing facilities, including screens, crushers, and wash plants, and v) other structures or storage areas.
- 5). Notifications to commence mining shall also contain a copy of all geological logs, reports, maps and assays in the possession of or at the disposal of the lessee or permittee regarding the size, nature, extent and value of the ore body to be mined. Such information as may be physically designated confidential by the lessee or permittee shall be held in protected status by the Trust Lands Administration.

**Page 2. SITLA, NOTICE OF INTENT TO COMMENCE MINERAL EXPLORATION/MINING**

**RECLAMATION** - A plan for reclaiming all disturbances proposed upon trust lands by a mineral lessee or permittee must be submitted along with the above described notification of the commencement of operations. The reclamation plan shall include a commitment by the mineral lessee or permittee to perform the following work concurrent with or at the conclusion of mineral exploration and mining operations.

- A) Keep the exploration/mining operation in a safe, clean and environmentally stable condition.
- B) Plug all bore holes in accordance with rules of the Utah Division of Oil, Gas & Mining.
- C) Remove of all trash, debris, toxic materials, equipment and appurtenant structures.
- D) Permanently seal all shafts and tunnels to prevent unauthorized or accidental entry.
- E) Fill all cuts, pits, and trenches and eliminate or mitigate danger from mining high-walls.
- F) Re-grade and contour all stockpiles of earth materials and all areas of surface disturbance.
- G) In the event of surface mining, re-graded all cuts and pits to a slope of not less than 2H:1V.
- H) Re-establish and stabilize natural drainages and construct berms as needed to prevent surface erosion.
- I) Redistribute topsoil and properly prepare seed-bed by to a depth of six inches by ripping or discing
- J) Re-seed disturbed areas with an adaptable species mixture at a concentration of not less than 20 lbs/ac.
- K) Reclaim all access roads which are not authorized by the Trust Lands Administration to remain.

**ACCESS** - The lessee or permittee must notify all surface owners and all other trust land lessees having a legal interest in the affected trust lands and must, without expense to the Trust Lands Administration or the State of Utah, resolve any problems of access or tenancy prior to the commencement of mineral exploration or mining operations upon the lands.

**OTHER AGENCIES** - The lessee or permittee must meet all notification and permitting requirements or rules of the Utah Division of Oil, Gas & Mining, the Utah Department of Environmental Health, the Utah State Historic Preservation Office and all other government agencies having jurisdiction over minerals activities which may affect natural of cultural resources.

**CULTURAL RESOURCES** - A cultural resources survey of the trust lands to be impacted by mineral exploration or mining may be required at the sole expense of the lessee or permittee. Cultural resource surveys must be performed by individuals deemed by the Trust Lands Administration as qualified to perform the work.

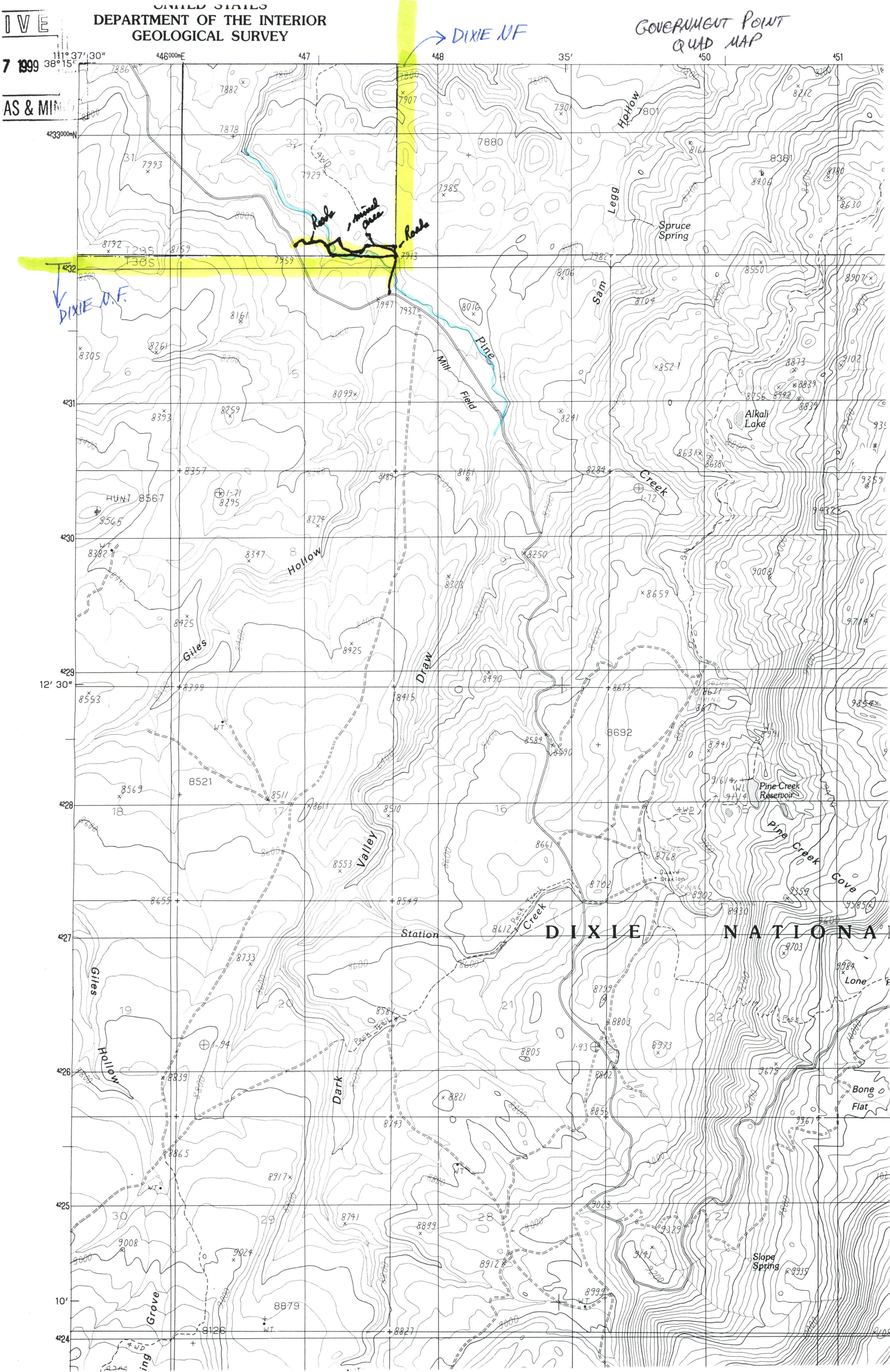
**BONDING** - Prior to the commencement of any mineral exploration of mining operations upon trust lands the lessee or permittee may be required to post a bond with the Trust Lands Administration. The bond shall be in such form and amount as determined by the Trust Lands Administration to protect the assets and interest of the trust and the State of Utah and shall be conditioned upon compliance by the lessee or permittee with all the terms and conditions of the lease or permit, including reclamation of mined land disturbances and payment of royalties.



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UNITED STATES  
DEPARTMENT OF THE INTERIOR  
GEOLOGICAL SURVEY

GOVERNMENT POINT  
QUAD MAP

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